



Irish Life Weekly Investment Bulletin

The week that was – WEEK 03 2019 (ending 18/01/2019)

“It always seems impossible until it’s done.” – Nelson Mandela

Irish residential property prices rose by 7.1% y-o-y in November – Latest figures from the CSO show that national level residential property prices increased by 7.1% year-on-year in November, with Dublin prices up by 5%, the Rest of Ireland by 9.3% and Mid-West region house prices showing the largest rise at 20.7%.

Irish inflation hits 0.7% in December – The CSO reported that Consumer Prices in December, as measured by the CPI, rose 0.7% in the year to December. The most notable changes during the year were increases in Housing, Water, Electricity, Gas & Other Fuels (up 4.6%) and Alcoholic Beverages & Tobacco (up 2.8%).

Global stock market up 2.4% from 11th January to 18th January – The MSCI AC World TR Index showed a 2.41% return from 11th January to 18th January with conciliatory comments from U.S. Treasury Secretary Steven Mnuchin on U.S./China trade deal. The Vix (Volatility Index) closed the week slightly lower at 17.80.

Irish exports increase 18% y-o-y in November with imports up 10% – The CSO reported that the value of goods exported for November 2018 showed an increase of 18% when compared with November 2017 (exports to Great Britain were up 3%) and imports increased 10%. 10% of total exports went to Great Britain.

Brexit ‘Plan B’ required after huge defeat for PM May – With fewer than 70 days to go until Brexit on 29th March, the UK Prime Minister Theresa May is required to present a new proposal to Parliament today after her initial Brexit deal lost by 230 votes, with many saying there is increased likelihood that Brexit will be delayed.

German growth in 2018 hits a 5-year low – Latest figures from the Federal Statistical Office show that GDP growth in Germany was 1.5% in 2018 compared to 2.2% in 2017 and the lowest growth level since the 0.5% rise in 2013. A weaker Chinese / global economy and lower automobile sales were the main culprits blamed.

The Story of the week: A 67-year-old Buddhist poker player from Halifax in Nova Scotia, Canada - Scott Wellenbach – has said he is going to give away his \$600,000 in winnings to charity after his third-place finish in a Bahamas tournament. His previous biggest win was \$72,176 in 2017, which like all of his winnings went to charity. Beneficiaries of his generosity have included Buddhist nuns in Nepal and Tibet, Oxfam and Doctors Without Borders. He told the BBC that he reconciles the teachings of his faith and the adrenaline of a straight flush “with great difficulty”.

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Index Performances and Market Data*

| Equity and Bond Markets % (in Local Currency) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 YTD (to 18/01) |
|--|-------------|-------------|-------------|-------------|-------------|----------------------------|
| MSCI AC World (Gross TR) | 9.9 | 1.8 | 9.7 | 20.4 | -7.2 | 6.0 |
| ISEQ Overall Return | 16.8 | 33.6 | -2.7 | 9.7 | -20.5 | 5.8 |
| FTSE 100 TR | 0.7 | -1.3 | 19.1 | 11.8 | -8.5 | 3.5 |
| Euro Stoxx 50 TR | 4.0 | 6.4 | 3.7 | 9.2 | -12.0 | 4.5 |
| S&P 500 TR | 13.7 | 1.4 | 12.0 | 21.8 | -4.4 | 6.6 |
| Nasdaq Composite | 13.4 | 5.7 | 7.5 | 28.2 | -3.9 | 7.9 |
| Nikkei 225 | 7.1 | 9.1 | 0.4 | 19.1 | -10.2 | 3.2 |
| MSCI Emerging Markets | 2.6 | -8.0 | 7.1 | 27.8 | -12.2 | 4.7 |
| Eurozone Government Bonds 1–5 yr | 3.4 | 1.0 | 0.9 | -0.2 | 0.0 | 0.1 |
| Sovereign 10yr Bond Yields (%) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 YTD |
| U.S. | 2.2 | 2.2 | 2.4 | 2.4 | 2.7 | 2.8 |
| German | 0.5 | 0.6 | 0.2 | 0.4 | 0.2 | 0.3 |
| UK | 1.9 | 1.9 | 1.2 | 1.2 | 1.3 | 1.4 |
| Japan | 0.3 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Ireland | 1.3 | 1.1 | 0.7 | 0.7 | 0.9 | 1.0 |
| Italy | 2.1 | 1.6 | 1.8 | 2.0 | 2.8 | 2.7 |
| Greece | 9.6 | 7.9 | 7.1 | 4.1 | 4.4 | 4.2 |
| Portugal | 2.7 | 2.5 | 3.8 | 1.9 | 1.7 | 1.6 |
| Spain | 1.6 | 1.7 | 1.4 | 1.6 | 1.4 | 1.3 |
| Central Bank Rates (%) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 YTD |
| ECB | 0.05 | 0.05 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bank of England | 0.50 | 0.50 | 0.25 | 0.50 | 0.75 | 0.75 |
| U.S. Federal Reserve | 0.25 | 0.50 | 0.75 | 1.50 | 2.50 | 2.50 |
| Foreign Exchange Rates | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 YTD |
| Euro/Dollar (€/\$) | 1.21 | 1.09 | 1.04 | 1.20 | 1.15 | 1.14 |
| Euro/Sterling (€/£) | 0.78 | 0.75 | 0.84 | 0.89 | 0.90 | 0.88 |
| Sterling/Dollar (£/\$) | 1.56 | 1.46 | 1.24 | 1.36 | 1.28 | 1.29 |
| IPD All Property Return % (in Local Currency) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 YTD |
| Ireland | 12.3 | 36.1 | 25.1 | 12.6 | 8.1% | 5.5% (To end of Q3) |
| U.K. | 10.9 | 17.9 | 13.3 | 3.6 | 10.3% | 3.7% (To end of Q3) |
| U.S. | 11.6 | 11.5 | 12.5 | 7.7 | 7.1% | 3.7% (To end of Q3) |

*Past performance is not a reliable guide to future performance and may fall as well as rise.